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FM AMEMBASSY ASHGABAT
TO RUEHC/SECSTATE WASHDC 2199
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
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RUEHAK/AMEMBASSY ANKARA 4741
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RUEHKO/AMEMBASSY TOKYO 2404
RUEHIT/AMCONSUL ISTANBUL 2989
RHMFIUU/CDR USCENTCOM MACDILL AFB FL
RUEHVEN/USMISSION USOSCE 3274
RUEAIIA/CIA WASHDC
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RHEHNSC/NSC WASHDC
RUEKJCS/SECDEF WASHDC
RUEKJCS/JOINT STAFF WASHDC
RUCPDOG/DEPT OF COMMERCE WASHDC
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UNCLAS SECTION 01 OF 02 ASHGABAT 000115

SENSITIVE
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SUBJECT: TURKMENISTAN: INTENSE PACE OF CONSTRUCTION CONTINUES

REF: (A) 08 ASHGABAT 1399 (B) 08 ASHGABAT 1370

[1](#)1. (U) Sensitive but unclassified. Not for public internet.

[1](#)2. (SBU) SUMMARY: In 2008, President Berdimuhamedov approved more than \$1 billion in new construction projects across the country. In the course of the year, foreign construction companies signed contracts for a massive Olympic village complex, an ambitious cultural complex for the arts, and a variety of other more standard residential and infrastructure projects. There is little doubt that construction will continue to be a dominant sector in Turkmenistan's economy. END SUMMARY.

CONSTRUCTION FRENZY TO CONTINUE IN 2009

[1](#)3. (SBU) During 2008, the Turkmen government saw the completion of a variety of construction projects across the country. This included, nineteen elite residential apartment buildings, schools and kindergartens with multimedia facilities, a kaolin plant, the State Commodity and Raw Materials Exchange and a velvet factory. Most of the contracts signed in 2008, including those for the construction of residential apartments, a large "oriental market" facility, sports complexes, cement plants, museums and cultural centers, altogether worth more than USD one billion, will be built in Turkmenistan in 2009-2010. Throughout 2008, President Berdimuhamedov appeared to closely monitor the progress of construction projects, and made a practice of conducting ad hoc review sessions with project managers, occasionally criticizing them publicly for failing to meet quality standards and deadlines. Some local residents, observing the pace and breadth of the work, wish the government would prioritize infrastructure projects that would improve socioeconomic conditions for the population over the less relevant sport and recreational projects.

PROJECTS TO PROMOTE A SPORTS CULTURE

[1](#)4. (SBU) "We need to play a bigger role in professional sports, so we will build over 200 sports schools for 75,000 pupils, along with 100 sports facilities in rural areas," Berdimuhamedov said during the unveiling of his Olympic village project in October 2008.

Russian, Turkish and Lebanese companies will build five 10,000-seat stadiums each worth \$20 million, as well as five modern horse racing facilities that hold 3,000 spectators and cost \$49 million each. The racing tracks will be equipped with amphitheatres, 500-seat restaurants and stables for 200 horses.

BERDIMUHAMEDOV'S OLYMPIC DREAM

15. (SBU) The idea of creating an Olympic village in Ashgabat was the President's own, emerging after his visit to Beijing during the summer Olympic Games. The planned complex will occupy 150 hectares in central Ashgabat to include an Olympic stadium, a 10,000-spectator hockey rink, a special athletic training school for 350 students and a dormitory for 300 students. The project envisions the refurbishment of the existing Olympic stadium in order to boost its capacity from 33,000 to 60,000 people. The Turkish construction company Polimeks, dominant in the local market, designed and will oversee this ambitious project, although the Lebanese Consolidated Contractors Company will also be involved in some of its construction. The total cost of the village has not been published.

SLOW PROGRESS ON AVAZA

16. (SBU) Although Berdimuhamedov's ongoing determination to establish a national tourism zone on the Caspian coast has been progressing very slowly, Turkish companies did begin several new projects on the Avaza site and in Turkmenbashi city. These projects include a USD 67 million water desalination plant, a USD 189 million water supply facility and a sewage system that will serve Avaza and Turkmenbashi city. A seven-kilometer, USD 180 million recreational

ASHGABAT 00000115 002 OF 002

canal that will wind through the tourism zone is 90 percent complete. In 2008, the President established a new Committee on the Avaza National Tourism Zone to speed up the pace of its development. (NOTE: On January 16, the committee's chair was fired for "shortcomings in his work." END NOTE.) Berdimuhamedov recently instructed the committee to incorporate the new state yacht "Galkynysh" (ref A) into the larger Avaza plan. He is continuing to urge foreign companies to invest in Avaza and has noted that Turkmenistan intends to invest nearly USD one billion in the near future.

FINE ARTS COMPLEX PLANNED

17. (SBU) In January 2008, the Turkish company Sehil won a USD 130 million contract to build a culture and fine arts complex in Ashgabat. A State Institute of Culture, a special music boarding school, a kindergarten for 200 children, a public school for 600 pupils and three 12-story elite residential buildings are all to be completed for the Ministry of Culture and Broadcasting by August 2009.

18. (SBU) COMMENT: The sheer number of construction contracts signed in 2008 and the expense of this work leave little doubt that construction will continue to play a prominent role in Turkmenistan's economy. Although a significant portion of the work will positively impact the general population, there seems to be less popular support for expensive prestige projects geared more towards the government's idea of boosting Turkmenistan's international image. Since the construction activity relies entirely on the continued health of gas export revenues, any slow down or curtailment of these prestige construction projects could be an indicator of problems elsewhere in the economy. But for now at least, it appears that the construction boom continues unabated. END COMMENT.

MILES